



# Credit Unions Act 1979

## 1979 CHAPTER 34

### *Rules and membership*

#### **4 Rules.**

- (1) The rules of a credit union shall be in such form as the appropriate registrar may determine and shall contain—
  - (a) provision with respect to the matters mentioned in Schedule 1 to this Act; and
  - (b) such additional provision as the appropriate registrar may determine.
- (2) The rules of a credit union may not be amended except by a resolution passed by not less than two-thirds of the members present at a general meeting called for the purpose after the giving of such notice as is by the rules required for such a resolution.
- (3) In section 10(3) of the 1965 Act (acknowledgement of registration of amendment of rules where not contrary to the Act) as it applies to credit unions the reference to the 1965 Act shall be construed as including a reference to this Act.
- (4) The Treasury may by regulations under section 71 of the 1965 Act vary the fee which under section 15 of that Act may be charged by a credit union for supplying a person with a copy of its registered rules.
- (5) Section 11 of the 1965 Act (power to make rules as to fund for purchase of government securities) shall not apply to credit unions.

#### **5 Membership and voting rights.**

- (1) Only individuals shall be members of a credit union.
- (2) A person shall not be a member of a credit union unless he holds at least one fully paid-up share in that credit union, but the rules of the credit union shall not require a person to hold more than £5 in fully paid-up shares as a condition of membership.
- (3) A member of a credit union shall not have or claim any interest in the shares of the credit union exceeding [<sup>F1</sup>the greater of £5,000 and 1.5 per cent. of the total shareholdings in the credit union.].

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- (4) The chief registrar may, by order made with the consent of the Treasury, from time to time amend subsection (3) above so as to substitute for the sum for the time being specified in that subsection such other sum, not being less than £2,000, as may be specified in the order.
- [<sup>F2</sup>(4A) Where subsection (3) above would be breached in relation to a member of a credit union because of a reduction in the total shareholdings in the credit union, that subsection shall, in relation to him, have effect, as respects any shares which he had, or interest which he claimed, immediately before the reduction, as if there were added at the end “at the time, or latest time, when he acquired shares, or an interest in the shares, of the credit union”.]
- (5) A member of a credit union who ceases to fulfil the qualifications for admission to membership shall be entitled, subject to subsection (6) below, to retain his membership unless the rules of the credit union provide otherwise; and, subject to section 21(4) below, in this Act the expression “non-qualifying member”, in relation to a credit union, means a person who remains a member of the credit union by virtue of this sub-section.
- (6) The number of non-qualifying members of a credit union shall not at any time exceed ten per cent. of the total membership of the credit union.
- (7) Non-qualifying members of a credit union shall be left out of account in determining for any purpose whether a common bond exists between the members of the credit union.
- (8) A non-qualifying member of a credit union shall be entitled, except so far as the rules of the credit union may provide otherwise, to purchase shares and <sup>F3</sup>... , to receive loans.
- (9) Subject to any provision in the rules of a credit union as to voting by a chairman who has a casting vote, on every matter which is determined by a vote of members of a credit union every member shall be entitled to vote and shall have one vote only.
- [<sup>F4</sup>(10) For the purposes of subsection (3) above, the total shareholdings in a credit union at any time shall be taken to be the total shareholdings as shown in the most recent audited balance sheet to have been sent to the appropriate registrar under section 39 of the 1965 Act (annual returns).]

#### Textual Amendments

- F1** Words in s. 5(3) substituted (1.9.1996) by S.I. 1996/1189, arts. 1, 4(2)
- F2** S. 5(4A) inserted (1.9.1996) by S.I. 1996/1189, arts. 1, 4(3)
- F3** Words in s. 5(8) repealed (1.9.1996) by S.I. 1996/1189, art. 6(b)
- F4** S. 5(10) inserted (1.9.1996) by S.I. 1996/1189, arts. 1, 4(4)

## 6 Minimum and maximum number of members.

- (1) The minimum number of members of a credit union shall be twenty-one and, accordingly, in the following provisions, namely—
- (a) section 2(1) of the 1965 Act, as it applies to registration as a credit union and to an application therefor,

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- (b) section 16(1)(a)(i) of that Act, as it applies to the cancellation of such a registration,
  - (c) section 53(2) of that Act, as it applies to the conversion of a company into a credit union, and
  - (d) [<sup>F5</sup>section][<sup>F6</sup>122(1)(e) of the Insolvency Act 1986] as it applies by virtue of section 55(a) of the 1965 Act to the presentation of a petition for winding up a credit union,  
for the word [<sup>F7</sup>three][<sup>F8</sup>(or, in the case of section [<sup>F9</sup>122(1)(e) of the Act of 1986], for the word “two”)] there shall be substituted the words “twenty-one”.
- (2) Subject to the following provisions of this section, the maximum number of members of a credit union shall be five thousand.
- (3) The Treasury may, after consultation with the chief registrar, by order made by statutory instrument, from time to time amend subsection (2) above so as to substitute for the maximum number of members for the time being provided for in that subsection such other maximum number as may be specified in the order, but no such order shall be made unless a draft of it has been laid before and approved by a resolution of each House of Parliament.
- (4) Subject to subsection (5) below a society shall not be registered as a credit union if the number of its members exceeds the maximum for the time being provided for in subsection (2) above.
- (5) The appropriate registrar may grant exemption from the maximum number for the time being provided for in subsection (2) above—
- (a) to a credit union,
  - (b) to a society or company seeking registration as a credit union, and
  - (c) in respect of a credit union proposed to be created by amalgamation,
- if he is satisfied that exemption would be in the public interest and in the interests of the members and would not jeopardise the existence of a common bond between them.
- (6) An exemption under subsection (5) above may be granted on such conditions as the appropriate registrar thinks fit, and those conditions shall include, in particular, a condition that the number of members shall not exceed such other maximum as may be specified by him.

#### Textual Amendments

- F5** Word substituted by virtue of [Companies Consolidation \(Consequential Provisions\) Act 1985 \(c. 9, SIF 27\)](#), s. 30, [Sch. 2](#)
- F6** Words substituted by virtue of [Companies Consolidation \(Consequential Provisions\) Act 1985 \(c. 9, SIF 27\)](#), s. 30, [Sch. 2](#) and [Insolvency Act 1986 \(c. 45, SIF 66\)](#), s. 439(2), [Sch. 14](#)
- F7** Word in [S. 6\(1\)](#) substituted (1.9.1996) by [S.I. 1996/1738](#) arts. 1, 3(2)(b)
- F8** Words inserted by virtue of [Companies Consolidation \(Consequential Provisions\) Act 1985 \(c. 9, SIF 27\)](#), s. 30, [Sch. 2](#)
- F9** Words substituted by [Insolvency Act 1986 \(c. 45, SIF 66\)](#), s. 439(2), [Sch. 14](#)

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